



# OFFICE OF INSPECTOR GENERAL

## U.S. Agency for International Development

### MEMORANDUM

**DATE:** November 4, 2022

**TO:** USAID/Kenya and East Africa, Mission Director, David Gosney  
USAID/Ethiopia, Mission Director, Sean Jones

**FROM:** USAID OIG Africa Regional Office, Audit Director, Robert Mason /s/

**SUBJECT:** Financial Audit of USAID Resources Managed by Amref Health Africa in Multiple Countries Under Multiple Awards, January 1 to December 31, 2021 (Report No. 4-623-23-020-R)

This revised memorandum is being transmitted to separate ownership of recommendations between USAID/Kenya and East Africa and USAID/Ethiopia.

This memorandum transmits the final audit report on USAID resources managed by Amref Health Africa in multiple countries under multiple awards listed in appendix I attached. Amref Health Africa contracted with the independent audit firm KPMG, Nairobi, Kenya to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards. However, it did not have an external peer review or a continuing professional education program that fully satisfy the standards' requirements. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Amref Health Africa's schedule of expenditures of USAID awards; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.<sup>1</sup>

The audit objectives were to (1) express an opinion on whether the schedule of expenditures of USAID awards for the period audited, was presented fairly, in all material respects; (2) evaluate Amref Health Africa's internal controls; (3) determine whether Amref Health Africa complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, KPMG (1) audited the schedule of expenditures of USAID awards including the budgeted amounts by category and major items and the revenues received from USAID for the period covered by the audit and the costs reported by Amref Health Africa as incurred from January 1 to December 31, 2021; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain

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<sup>1</sup> We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

to Amref Health Africa's ability to report financial data consistent with the assertions embodied in each account of the schedule of expenditures of USAID awards; (3) identified the award terms and pertinent laws and regulations and determined which of those, if not observed, could have a direct and material effect on the schedule of expenditures of USAID awards; (4) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. Amref Health Africa reported expenditures of \$16,528,300 in USAID funds during the audited period.

The audit firm concluded the schedule of expenditures of USAID awards presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited except for \$81,312 in ineligible questioned costs (\$76,217 relating to prime agreements and \$5,095 questioned costs under one of the subawards). The audit firm identified no material weaknesses in internal control and two instances of material noncompliance. The audit firm also issued a management letter.

During our desk review, we noted several areas for improvement which the audit firm should address in future audit reports. We presented these areas in a memo to the controller, dated November 4, 2022.

To address the issues identified in the report, we recommend that USAID/Kenya and East Africa:

**Recommendation 1.** Determine the allowability of \$43,973 in ineligible questioned costs on pages 29, 30, 33, and 40 of the audit report and recover any amount that is unallowable.

**Recommendation 2.** Verify that Amref Health Africa corrects the two instances of material noncompliance pertaining to awards managed by USAID/Kenya and East Africa detailed on pages 47 to 49 of the audit report.

**Recommendation 3.** Verify that Amref Health Africa provides LVCT Health with a copy of the audit report for their review to 1) determine the allowability of the \$5,095 in ineligible questioned costs identified and recover any amount that is unallowable; and 2) take any corrective action regarding the one instance of material noncompliance identified in relation to the subaward Stawisha Pwani detailed on page 42, 43 and 47 of the audit report.

To address the issues identified in the report, we recommend that USAID/Ethiopia:

**Recommendation 4.** Determine the allowability of \$32,244 in ineligible questioned costs on pages 29 and 34 of the audit report and recover any amount that is unallowable.

**Recommendation 5.** Verify that Amref Health Africa corrects the two instances of material noncompliance pertaining to awards managed by USAID/Ethiopia detailed on pages 47 to 49 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").

## Appendix I

<b>Award Name (Type)</b>	<b>Award Number</b>	<b>Period Audited</b>	<b>Prime Implementer</b>
AFYA TIMIZA Kenya (cooperative agreement) (closeout)	AID-615-A-16-00009	Jan. 1 – Mar. 31, 2021	
Transform – Health in Developing Regions (HDR) in Ethiopia (cooperative agreement)	AID-663-A-17-00006	Jan. 1 – Dec. 31, 2021	
Strengthening Health Systems for COVID-19 Response in Developing Regions (grant) in Ethiopia (closeout)	72OFDA20GR00101	Jan. 1 – Jan. 7, 2021	
Imarisha Jamii in Kenya (cooperative agreement)	72061521CA00003	Mar. 2 – Dec. 31, 2021	
Integrated Youth Activity (IYA) – Kefeta in Ethiopia	72066321CA00001	Aug. 10 – Dec. 31, 2021	
Subaward - Regional Health Integration to Enhance Services – North Lango (RHITES – N, Lango Uganda) (closeout)	72061718C00004	Jan. 1 – Sep. 30, 2021	John Snow Inc.
Subaward - Regional Health Integration to Enhance Services – South West (RHITES – SW Uganda)	AID-617-A-15-00010	Jan. 1 – Dec. 31, 2021	Elizabeth Glaser Pediatric Aids Foundation
Subaward - African Collaborative for Health Financing Solutions in Kenya	AID-OAA-A-17-00009	Jan. 1 – Dec. 31, 2021	Results for Development Institute
Subaward – Knowledge Success in Kenya	720OAA19CA00001	Jan. 1 – Dec. 31, 2021	Johns Hopkins University
Subaward – Health Workforce Improvement Program (HWIP) in Ethiopia	72066320CA00008	Jan. 1 – Dec. 31, 2021	JHPIEGO
Subaward - CORE Group Polio Project (CGPP) in Ethiopia	AID-OAA-A-17-00026	Jan. 1 – Dec. 31, 2021	World Vision, Inc.
Subaward - Stawisha Pwani project in Kenya	72061521CA00010	Jul. 1 – Dec. 31, 2021	LVCT Health